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DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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December 2, 1998

Norm Haslem  
Ziegler Gilsonite Company  
Star Route  
Little Bonanza, Utah 84078

Re: Review of LB-8 Amendment to Existing Notice of Intention to Commence Large Mining Operations, Ziegler Chemical & Mineral Company, Ziegler Gilsonite Mines, M/047/013 (UTU-76312, ML-20776), Uintah County, Utah

Dear Mr. Haslem:

The Division has completed a review of your response to the Division's August 3, 1998 review letter. Your response prepared by Mr. Bud Covington was received on September 29, 1998 for the Shaft LB-8 Amendment.

The Division hereby approves of the Shaft LB-8 Amendment. Please be advised that Division approval of this amendment does not constitute approval by BLM. As of this date, the Division is unaware of formal approval of this proposal by the BLM.

After reviewing the information, the Division has several clarifications to be noted for the record and one comment regarding the reclamation surety which requires a response. The Division's comments are listed in a separate attachment under the applicable Minerals Rule heading. No response from Ziegler is required for clarification comments, unless these comments are in error. Please provide a response to the surety question within 30 days of your receipt of this letter. Please format your response in a similar fashion.

If you have any questions in this regard, please contact me or Tony Gallegos of the Minerals staff. If you wish to arrange a meeting to discuss this review, please contact us at your earliest convenience. Thank you for your cooperation in completing this permitting action.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

vb

Attachment: Review comments, Disturbed Acreage - Mine Sites Table

cc: Bud Covington, Consultant for Ziegler, P.O. Box 1845, Vernal UT 84078

Stan Perkes, BLM State Office, 324 South State Street, Salt Lake City, UT 84145

Pete Sokolosky, BLM Vernal FO, 170 South 500 East, Vernal UT 84078

Will Stokes, SITLA (ML-20776), 675 East 500 South, Suite 500, Salt Lake City, UT 84102

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## **REVIEW OF AMENDMENT TO EXISTING NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS**

**Ziegler Chemical & Mineral Company  
Ziegler Gilsonite Mines  
LB-8 Amendment  
M/047/013**

### **R647-4-104 - Operator's, Surface and Mineral Ownership**

The Division review comments apply to disturbances associated with this amendment which are located on federal, state and patented land. The Division's records indicated site LB-8A is on state lease ML-20776 managed by the School and Institutional Trust Lands Administration (SITLA). This amendment submission indicates site LB-8A is now on federal lands managed by the BLM under federal lease U-73612 as a result of a land exchange. (AAG)

### **R647-4-105 - Maps, Drawings & Photographs**

#### **105.1 Topographic base map, boundaries, pre-act disturbance.**

The combination of submission information and onsite inspection of August 13, 1998, have made it easier to understand the mix of existing and proposed disturbances, and different land ownership associated with this project. Thank you for your efforts and patience in explaining this situation. (AAG)

### **R647-4-106 - Operation Plan**

#### **106.2 Type of operations conducted, mining method, processing, etc.**

For clarification purposes, the following is a general overview of the LB-8 amendment as understood by the Division. Ziegler wishes to extract gilsonite from the U-76312 federal lease area. The gilsonite in the lease area will be accessed by underground mining methods using the existing equipment and facilities at shaft LB-8 located on patented land. Shaft LB-8 would be the main production shaft and underground access to the federal lease. Shaft LB-8A located on the federal lease will be used in this project as an escapeway, or for ventilation. Shaft LB-8A is an old existing shaft located within the lease area with a collar at the surface, but no surface structures or current surface disturbances. The old pad area and access road for shaft LB-8A have revegetated naturally, but are still discernible. Shaft LB-3 located on patented land has existing equipment and facilities and will also be used in this project as an escapeway, or for ventilation. The main access road leading to shaft LB-8 along the strike of the vein is considered an existing county road. The nearby existing shaft named Main #1 is believed to be located on federal land and the existing shaft named Main #2 is believed to be located on patented land. (AAG)

#### **106.3 Estimated acreages disturbed, reclaimed, annually.**

The Disturbed Acreage - Mine Sites table prepared by the Division has been revised to reflect the current site acreages described by this proposal. The total disturbed area for Ziegler's large mine notice, as amended, is now 33.94 acres. This is an increase of 0.6 acre over the previous total disturbed area of 33.34 acres as of 6/10/97. Please review the attached table and inform us of any corrections needed. (AAG)

**R647-4-110 - Reclamation Plan**

**110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed.**

Shaft sites Main #1 and Main #2 have been added to the Disturbed Acreage - Mine Sites table of Ziegler sites with a status listed as "ventilation shaft." These shafts were added because they are proposed to be reclaimed by Ziegler after this project ends. These two sites have not been included in previous reclamation plans on file with the Division. Please review the location description, acreage and claim/lease information in the enclosed copy of this table and notify us of any necessary corrections. (AAG)

**110.5 Revegetation planting program.**

Please be advised that the Division's seed mix recommendation will require approval from the BLM prior to using this mix for reclamation of those disturbances on BLM lands. (AAG)

**R647-4-112 - Variance**

In the event that Ziegler finds it necessary to redisturb previously impacted areas, we suggest you photo document the current status of old existing disturbances prior to reimpacting these areas. This documentation would be needed to justify any performance standard variance request(s) for these areas. (AAG)

**R647-4-113 - Surety**

Shaft sites LB-8 and LB-3 are currently listed under Ziegler's Large Mine Operation Notice of Intention M/047/013. Sites LB-8 and LB-3 were included in the Division's 1992 reclamation cost estimate, therefore, no changes are required in the estimate for amendment disturbances at these two sites. Shaft LB-8A was bonded with SITLA for lease ML-20776. The Division had officially recognized the reclamation surety posted with SITLA as satisfying our surety requirements for site LB-8A. SITLA recently informed us that they are still holding a \$5,000 surety covering rental, royalty and reclamation costs for this site, although the lease was canceled and the land included in an exchange with the BLM.

The Division has received information from the BLM State Office describing the bond amount currently posted with them for the Shaft 8 project. The BLM is currently holding a bond amount of \$6,846 for lease U-76312. From a review of the reclamation cost estimate it appears that this amount includes revegetating and capping shaft site LB-8A and capping of shaft site LB-8.

The Division can recognize this surety posted with the BLM under the current Memorandum of Understanding (MOU) for leasable minerals. A condition of this MOU requires that a portion of the total surety posted for rental, royalty and reclamation be specifically earmarked for reclamation of the site. Please keep our office apprised of any changes or updates in surety arrangements made with the BLM.

Page 3  
Amendment Review  
M/047/013  
December 2, 1998

The current surety estimate for Ziegler operations prepared by the Division does not include sites Main #1 and Main #2. Please explain why these sites do not need to be included in the reclamation cost estimate or provide a description and estimate of the third party costs to reclaim the surface disturbances at these sites.

The amended total disturbance of 33.94 acres exceeds the acreage in the reclamation estimate by 0.6 acres. Given that sites C-1, C-2, and C-3 account for approximately 2.74 acres of this acreage estimate, and given that these sites are candidates for final release in the Spring of 1999, the Division will not require an adjustment in the surety amount at this time.

As a result of this amendment review, an error was discovered in a previous reclamation estimate prepared by the Division. In 1996, the Division granted a bond reduction in recognition of partial reclamation of sites C-1, C-2, and C-3 along the Cottonwood vein. These sites had been reclaimed but vegetation had not yet survived three growing seasons. Reclamation bonding for these sites was posted with SITLA under leases ML-20781, ML-19868, and ML-20779. The Division's bond reduction was in error because the Division was not holding bond monies for these sites, but recognizing the bond amounts posted with SITLA. These state leases were canceled along with their original bonds. Replacement bonds were posted with SITLA and were to remain in place until the sites were fully released. Since these sites are candidates for full release in the immediate future, there is no need to make corrections for the Division's 1996 partial release at this time. (AAG)

**Disturbed Acreage - Mine Sites**  
**Ziegler Chemical & Mineral Company**  
**M/047/013**  
**revised 11/23/98**

Mine Site (1)	Claim or Lease	Location	Acreage Disturbed	Status
I-3		SE1/4 NE1/4 Sec. 16, T9S, R24E	1.38	Active
I-4	Old - Between I-3 and I-5	SW1/4 NE1/4 Sec. 16, T9S, R24E	1.41	Active
I-5	SITLA - ML 851-A	NW1/4 NE1/4 Sec. 16, T9S, R24E	1.20	Active
LB-1	Patented			Vent shaft only
LB-3	Patented	SW1/4 SE1/4 Sec. 16, T9S, R24E	1.14	Active
LB-8	Patented	SE1/4 SE1/4 Sec. 16, T9S, R24E	1.6	Active
LB-8A	BLM U-76312 (SITLA?)	SW1/4 SW1/4 Sec. 15, T9S, R24E	1.00	Escapeway, ventilation
MAIN #1	BLM	SW1/4 SE1/4 SW1/4 SW1/4 Sec. 15, T9S, R24E	?	Vent shaft only
MAIN #2	Patented	NE1/4 NE1/4 NW1/4 NW1/4 Sec. 15, T9S, R24E	?	Vent shaft only
LB-11		NE1/4 NW1/4 Sec. 22, T9S, R24E	1.01	Suspended - Existing - pumping H <sub>2</sub> O
LB-12		NE1/4 NW1/4 Sec. 22, T9S, R24E	1.51	Suspended - Existing - pumping H <sub>2</sub> O
LE-1 Middle		SE1/4 SE1/4 Sec. 30, T9S, R24E	1.10	Active
LE-7				Reclaimed - completed ~2 years ago
C-1 & 2	SITLA - ML 20781	NE1/4 SE1/4 Sec. 29, T10S, R21E	1.24	Reclaimed - unreleased
C-3	SITLA - ML 19868, ML 20779	SW1/4 NW1/4 Sec. 29, T10S, R21E SE1/4 NE1/4 Sec. 30, T10S, R21E	1.50	Shaft sunk ~250' then abandoned & reclaimed at same time ~1996
CB-1	BLM - U-0122693	SW1/4 SE1/4 Sec. 33, T8S, R21E	3.30	Active
ZI-95-1		NW1/4 NW1/4 Sec. 16, T9S, R24E	4.55	
Processing Facilities		NW1/4 NW1/4 Sec. 22, T9S, R24E	3.00	
		SW1/4 SW1/4 Sec. 15, T9S, R24E	5.00	
		SW1/4 SE1/4 Sec. 16, T9S, R24E	4.00	
		<b>Total Acreage</b>	<b>33.94</b>	

Notes: (1) I = Independent, LB = Little Bonanza, LE = Little Emma, C = Cottonwood, CB = Cowboy

**Disturbed Acreage - Mine Sites**  
**Ziegler Chemical & Mineral Company**  
**S/047/063**  
**12/23/97**

Mine Site (1)	Claim or Lease	Location	Acreage Disturbed	Status
N-1	SITLA - ML 46896	SW 1/4 NW1/4 Sec. 32, T11S, R24E	4.48	Active
		Total Acreage	4.48	

Notes (1): N= Neal

**Disturbed Acreage - Mine Sites**  
**Ziegler Chemical & Mineral Company**  
**S/047/065**  
**12/23/97**

Mine Site (1)	Claim or Lease	Location	Acreage Disturbed	Status
TT	BLM - UTU-0122694	NE 1/4 NE 1/4, Sec. 3, T10S, R24E	?	Active
		Total Acreage		

Notes (1): TT - Tom Taylor

Ziegler.acr